

## REMARKS

Reconsideration of this application as amended is respectfully requested.

In the Office Action dated August 27, 2004, claims 1-31 were pending. Claims 1-22, 25, 28 and 31 were rejected under § 112, § 102(b) and § 103(a). Claims 23-24, 26-27, and 29-30 were objected to, but would be allowable if rewritten in independent forms.

In this response, claims 2, 5, 8, 10-21, 23, 26, 29, and 31 been canceled without prejudice. Claims 1, 4, 7, 24, 27, and 30 have been amended. In addition, new claims 32-34 have been added. A substitute sheet of drawings has been submitted. No new matter has been added.

Specifically, independent claims 1, 4, and 7 have been amended to include an allowable subject matter of the objected claims 23, 26, and 29 respectively. New claims 32-34 include an allowable subject matter indicated by the Examiner. Thus, independent claims 1, 4, 7, and 32-34 are allowable. Given that the rest of the claims depend from one of the above independent claims, it is respectfully submitted that all claims are allowable.

Claims 10-21 and 31 are rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement.

Claims 1, 4 and 7 are rejected under 35 U.S.C. 102(b) as being anticipated by Zandi et al., UK Patent Application GB 2303030. Claims 1, 4, 7, 22, 25 and 28 are rejected under 35 U.S.C. 102(b) as being anticipated by Keith et al., U.S. Patent No. 5,966,465.

Claims 1-9, 22, 25 and 28 are rejected under 35 U.S.C. 103(a) as being unpatentable over JPEG2000 N1646 in view of Keith et al, U.S. Patent No. 5,966,465. Claims 10-21 and 31 are rejected under 35 U.S.C. 103(a) as being unpatentable over JPEG2000 N1646 in view of Kanou et al, U.S. Patent No. 6,088,062 and Acharya, U.S. Patent No. 6,236,765. In view


of the foregoing amendments, it is respectfully submitted that the rejections have been overcome.

In view of the foregoing, Applicant respectfully submits the present application is now in condition for allowance. If the Examiner believes a telephone conference would expedite or assist in the allowance of the present application, the Examiner is invited to call the undersigned attorney at (408) 720-8300.

Please charge Deposit Account No. 02-2666 for any shortage of fees in connection with this response.

Respectfully submitted,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN

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Michael J. Mallie  
Attorney for Applicant  
Reg. No. 36,591

12400 Wilshire Boulevard  
Seventh Floor  
Los Angeles, California 90025-1026  
(408) 720-8300